

APPENDIX E

WAREHOUSE INSPECTION GUIDE AND INSTRUCTIONS FOR PREPARATION OF THE WAREHOUSE INSPECTION REPORT (DD FORM 1812)

A. GENERAL

This appendix provides information and guidance regarding the on-site inspection of commercial carrier, agent, and contractor warehouses approved for the storage of personal property shipments. This information supplements the criteria outlined in Appendix D, Pre-award Survey Guidelines, and will be used as a checklist when performing quarterly, semiannual, and other routine facility inspections. Activities located outside the Continental United States, excluding Alaska and Hawaii, may deviate from the procedures outlined herein when the theater commander or other designated authority has established facility standards to comply with localized practices, trade, and customs.

1. When an inspection results in the disqualification of a facility, the disqualification will apply to all Transportation Offices (TOs) using the same facility. Regional Storage Management Offices (RSMO)/Personal Property Shipping Offices (PPSO) may inspect storage facilities at their discretion. Any action taken by the PPSO, such as disqualification or reinstatement of a facility, will be reported to the RSMO.
2. The DD 1812, Warehouse Inspection Report (Figure 402-3) is to be utilized when performing the inspections. Modern warehousing and storage facilities incorporate various techniques and methods to provide the storage and related services contracted for under the Basic Ordering Agreement (BOA), Tender of Service, and/or rate solicitation. The inspecting official will evaluate numerous areas to ensure that the facility complies with the requirements of the contract or tender and the stored property is afforded adequate levels of protection in a safe environment. Each facility inspection will be preplanned to achieve maximum results. During the pretrip planning, the inspection official will review previous inspection findings, reports on service failures, customer complaints, claim letters, and other general information. These and related areas can be discussed with a management official of the company during or after the inspection process.

B. GENERAL INSPECTION PROCEDURES

A technique to be followed during on-site inspections is outlined below.

1. On approach to the warehouse, note general activity, status of yard operations, and evidence of security measures.
2. At the warehouse, contact a management official, advise them of the purpose of visit, and set forth procedures of the inspection.
3. As a minimum, the inspection and evaluation process will include a review of the following areas:
 - a. Fire detection and reporting systems.
 - b. Security systems.

- c. Structural and electrical systems.
- d. Storage methods and practices.
- e. Locator and lot identification systems.
- f. Documents to include household goods descriptive inventories, weight tickets, and warehouse receipt.

C. SPECIFIC INSPECTION AREAS

During the inspection process, it is recommended that the inspection official:

1. Open a selected storage lot to observe packaging, marking and stacking methods (nontemporary storage (NTS) inspections only).
2. Check locator system accuracy by randomly selecting storage lots and crosschecking the information contained in the locator system with the actual location of the property in the warehouse.
3. Review segregated item storage practices for articles such as rugs, sofas, and pianos.
4. Circle outside of the warehouse doing checks for fire hazards and security conditions. Combustible materials stored outside will be kept a minimum of 20 feet from the building. Due to the proximity of adjoining buildings, property lines and similar circumstances, this may not be practicable in all areas. Therefore, the inspector will exercise sound judgment in applying this standard.
5. Observe worker activity to include operations associated with the handling in and out of shipments.
6. Check truck and platform scales to ensure they have been inspected in accordance with state, county, or city codes.
7. Check to verify that maintenance inspections of fire safety systems are performed. As a minimum, fire detection and reporting systems will be inspected monthly and sprinkler systems quarterly.
8. Check to verify that an insect and rodent control program, either self-administered or provided by an outside firm, is in effect.

D. INSPECTION REPORT

Upon completion of the inspection, a DD Form 1812 will be executed pursuant to the instructions contained in Paragraph E below. The contractor, carrier, or agent will also be given an oral briefing on the deficiencies noted and a suggested course of action for correction that will meet standards.

E. INSTRUCTIONS FOR PREPARATION OF THE DD 1812

A written report of all inspections will be made on a DD Form 1812 and maintained as part of the contractor, carrier, or agent file. The DD Form 1812 will be prepared as indicated below:

1. The type of inspection will reflect the type of inspection being performed: storage-in-transit (SIT), BOA, or both. The PPSO will check the TO block when independent inspections are performed, whereas the RSMO inspectors will check the RSMO block. For joint inspections (TO/RSMO), the first block indicating both BOA and SIT will be checked.
2. The actual date on which the inspection is performed will be entered.
3. The name and address of the contractor or carrier will reflect the present name and address of the company operating the facility for SIT and/or BOA storage.
4. The address of the actual location of the warehouse.
5. The total number of NTS lots in storage and weight in storage.
6. The block for the fire system/class will be checked.
7. The current status of the warehouse will be checked: active, inactive or ineligible.
8. The contract reference number applies only to RSMO inspection of BOA-approved storage facilities.
9. Section 8: Pre-Storage and Post Storage Services. All deficiencies and violations listed in this section will be based on inspections by the TO or RSMO inspecting official in connection with pre-storage and post-storage services. When violations are observed and recorded in this section for lots which are in NTS under the BOA, the TO will forward a copy of the report to the RSMO contracting officer within 10 working days of inspection.
10. Sections 9 through 12. These sections separate the inspection areas by categories and subcategories, which are to be evaluated during the inspection process. Each subcategory is also listed in the Guide to Severity of Deficiencies. References will be made to the BOA, Tender of Service, or rate solicitation and numerical quality control rating. All subcategories listed will be checked and assigned a quality control rating when deficiencies are observed. For subcategories which do not have a cross-reference to the BOA or Tender of Service, commercial warehousing principles, as established by the American Warehousing Association, National Fire Protection Association, and similar authorities are accepted. The inspecting official may assign a lower or higher point value (not to exceed three) depending on the severity of the deficiency.
11. Section 13: Deficiencies Observed/Actions Taken. This section is for the assignment of a quality control rating and is designed for the inspecting official to apply a suitable numerical rating to the facility. Based on the findings noted, the inspecting official may indicate any necessary actions to be taken by the contractor, carrier, or agent.
12. Section 18: Remarks Section. This section is used to provide a narrative description of the deficiencies observed and record other information relative to the inspection. **Note:** In addition to items on the DD Form 1812, inspectors will also ensure the availability of barcode MSL

capability (installed equipment or contract capability) if the agent prepares shipments for entry into the Defense Transportation System.

13. Sections 16 and 17: Signature Blocks. The DD Form 1812 will be signed by the inspecting official and a representative of the contractor carrier or agent at the time of inspection and prior to distribution of the form.

F. RATINGS UPON INSPECTION PROCESS COMPLETION

Upon completion of the inspection process, the facility will be rated based on the type and severity of discrepancies observed. Ratings will be awarded as follows:

1. “A” rating. This rating is assigned when no deficiencies are observed. No further action is necessary.
2. “B” rating. This rating is assigned when the observed deficiencies are minor and are easily correctable. The contractor, carrier, or agent will be requested to perform immediate corrective action.
3. “C” rating. This rating is assigned when deficiencies are observed; however, they do not warrant declaring the contractor, carrier or agent ineligible for further business. The contractor will be required to provide a written detailed report of corrective action taken, signed by a company official, within 10 days after the inspection. The facility will be closely monitored by both the RSMO and TO for any future signs of deterioration in the quality of service. During the next regular inspection, if the contractor, carrier or agent has falsely reported a corrective action or repeated a violation previously called to their attention, grounds exist for immediately placing the facility in a state of ineligibility or nonuse. HQ MTMC MTPP-PP will be advised of this action.
4. “D” rating. This rating is assigned when the observed deficiencies merit a quality control rating score of “D” (17 points and over) or items marked by an asterisk are considered of sufficient importance to warrant declaring the contractor, carrier, or agent ineligible or in nonuse status for further business. The inspecting official will immediately place the contractor, carrier, or agent in a temporary state of ineligibility or disqualify the facility for business pending corrective action. The contractor, carrier, or agent will be required to explain action taken and provide a written report of corrective action prior to the facility being reinspected. The TO/RSMO may reinstate the facility when deficiencies have been corrected, evidence provided, and positive action taken to preclude recurrence.
5. “E” rating. A repeat violation of a serious deficiency or evidence of false reporting of corrective actions will merit a quality control rating score of “E” and will be grounds for continuation of the state of ineligibility or disqualification for a period set by the contracting officer or TO. When the contracting officer determines an “E” rating is not sufficient, then a “Stop Notice” for future NTS business will be issued or action taken to terminate the contractor for default. This information will be used by a TO to disqualify the facility of a carrier or a carrier’s agent.

G. DISTRIBUTION

The DD Form 1812 will be completed in triplicate and distributed, as indicated below, after the inspecting official and contractor, carrier or agent have signed the completed form:

1. The original is placed in the RSMO contract file or TO file.
2. A copy is furnished to the contractor, carrier, or agent at the time of inspection.
3. When the inspection is performed by a RSMO contracting officer, a copy is provided to the TO. When the inspection is performed independently by a TO and the facility inspected participates in the NTS program, and deficiencies are observed and recorded, a copy will be provided to the RSMO. When a TO/RSMO has assumed the inspection responsibilities for facilities used by other TOs, a copy of all inspection reports will be provided to each user activity within 10 working days from the date of inspection.

Table E-1. Distribution Table

Technical Area		Quality Control Point Rating
1.	PRE- AND POST-STORAGE SERVICES	
	A. Unauthorized equipment in use	1
	B. Unauthorized cartons and packaging used	1
	C. Improper packing/sealing/marking of cartons	1
	D. Pickup service not accomplished on time	1
	E. Improper loading/unloading of van or pallet	1
	F. Disassembled parts not packaged/inventoried	1
	G. Inventory stickers on finished surfaces	1
	H. Improper appliance servicing/labeling	1
	I. Smoking observed at residence	1
	J. Employees on duty not efficient/neat	1
	K. Origin premises not left in good order	1
	L. Destination services improperly performed	1
	M. Deviations to service order	1
	N. Delivery service not accomplished on time	1
2.	ADMINISTRATION	
	A. Incorrect inventory preparation	1
	B. No separate weight ticket and certificate/PB and E/WT	1
	C. Incorrect warehouse receipt preparation	1
	D. Ineffective locator system*	3
	E. Contract supporting paperwork needed	1
3.	STORAGE METHODS & OPERATION	
	A. Consigned lots not stored within five days*	2
	B. Improper storage, stacks/pallets	2
	C. Finished surfaces not protected by pads/wrap	2
	D. Lots and separated pieces not elevated two inches	2
	E. Lots stored against exterior walls	1
	F. Lawnmowers not stored at base level of lot	1

Technical Area			Quality Control Point Rating
	G.	Improper firearms control	2
	H.	Loose stack storage over 10 feet*	2
	I.	PBO contents not identified on inventory	1
	J.	Improper storage of upholstered pieces*	2
	K.	Improper storage of rugs/pads*	2
	L.	Improper piano/organ storage	1
	M.	Improper storage of mattresses	1
	N.	Segregated items not properly identified	2
	O.	Improper packing of mirrors/glass table tops	1
	P.	Inadequate protection against mold/mildew	2
	Q.	Aisles being used to process goods in/out	1
	R.	Previous discrepancies not corrected*	3
4.	FIRE PREVENTION AND HOUSEKEEPING		
	A.	Electric/heat/water systems require repair	1
	B.	Evidence of smoking in warehouse*	3
	C.	Unauthorized items stored*	3
	D.	Improper aisle and/or stacking clearance	1
	E.	No fire system inspection*	3
	F.	No fire extinguisher inspection	3
	G.	No extinguishers on warehouse equipment	2
	H.	Trash/debris in storage area	2
	I.	Fire doors inoperable/in need of repair	3
	J.	No fire plan posted	1
	K.	Space heaters/extension cords being used	1
	L.	Gas and oil not drained from motorized items	3
	M.	Hazards noted within 20 feet of warehouse*	2
	N.	Flammables/combustibles found in warehouse*	2
5.	WAREHOUSE PRACTICES		
	A.	Inadequate security*	3
	B.	Inadequate loading/unloading area	1
	C.	Structural deficiencies (doors/floors/roof/walls/windows)	3
	D.	Inadequate protection from sun/dust/heat/cold/moisture	2
	E.	Lack of insect/rodent control	2
	F.	Vehicles parked in storage area	3
	G.	Commingle storage with undesirable commodities	2
	H.	Multiple occupancy*	3
	I.	Weight stored in excess of authorized limit*	2
<p>* When those items followed by an asterisk are observed, the inspecting official should consider placing the facility in an ineligible or disqualified status immediately. Once placed in an ineligible or disqualified status, the facility will not be removed from this status until the deficiencies have been corrected and verified by an on-site inspection. When the TO, at the request of a RSMO, verifies that the deficiencies have been satisfactorily corrected, the facility will be removed from disqualified or ineligible status.</p>			